

Q3FY23

**Earnings
Presentation**

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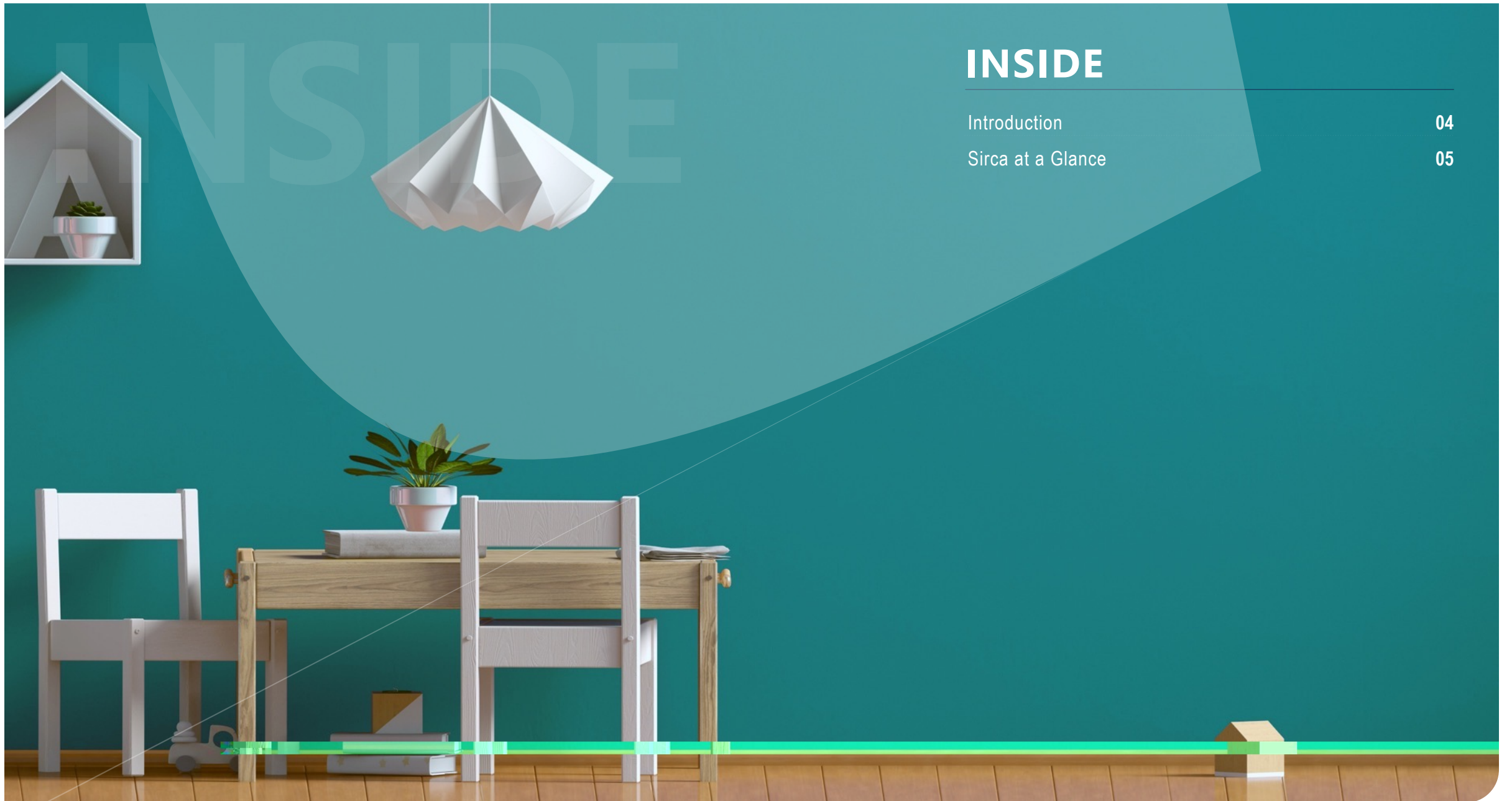
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Company Profile



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INTRODUCTION

About Sirca Paints India Limited

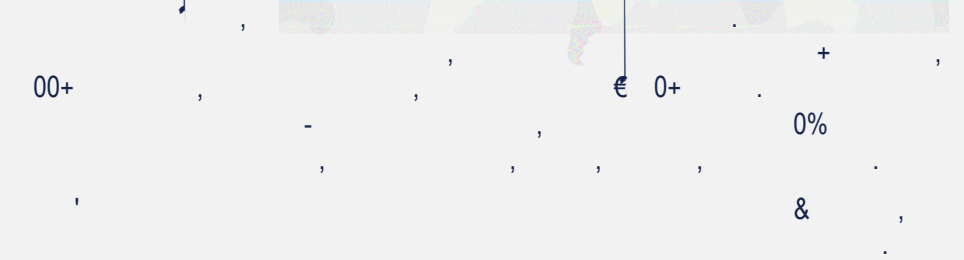
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Exclusive licensee products to Nepal, Bangladesh & Sri Lanka

Newly commissioned manufacturing facility



About Sirca S.P.A (Italy)



 **85+**
Countries

 **300+**
Employees

 **4**
Production Plant

 **€180+ Mn**
Turnover

VALUE PROPOSITION

The promise and quality of 'Made in Italy' blended with innovation, research and development to provide the most sophisticated and customized products and services in the paints industry.



CORE OFFERING :

Premium Italian Wood Coatings



Metal Coatings

Glass Coatings



VALUE PROPOSITION

Portfolio Expansion



Wall Paints Range



Recent Additions



Wood Coatings

MASS MARKET RANGE

- Nitrocellulose (NC), Melamine, PU Coatings and Thinners
- Hygiene Plus Additives



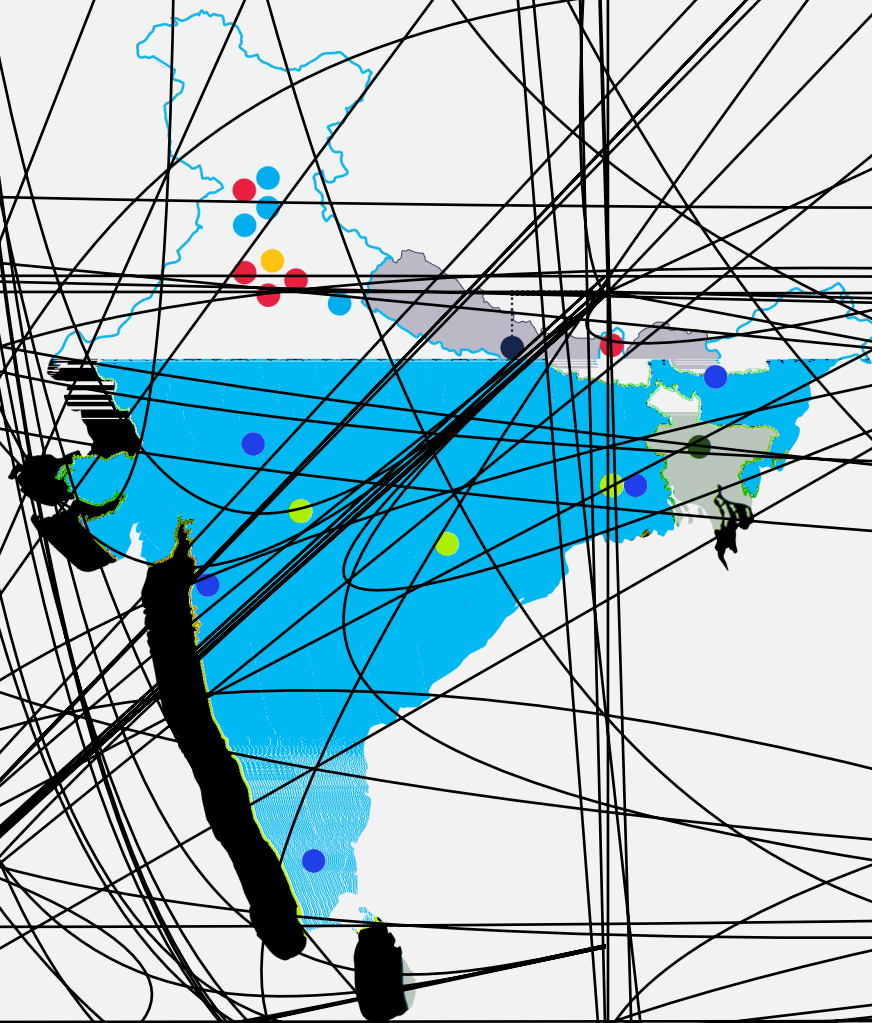
Wall Paints & others

- **San Marco Portfolio**
(Decorative, Solid Colour Finishes, and Texture Coatings)
- **DuranteVivan Portfolio**
(Adhesives)





SIRCA'S FOOTPRINT



Key

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CUSTOMER SEGMENTS

Retail

 ~70%
Revenue Contribution

 1,746
Aggressively growing Distribution Network with 1,746* nodes

Growth Strategy

- Chain of studios being opened across India, currently 26 studios & 13 branches are operational.
- Creating a wider and self-sufficient product portfolio to expand & strengthen distribution network.



OEMs

 ~30%
Revenue Contribution

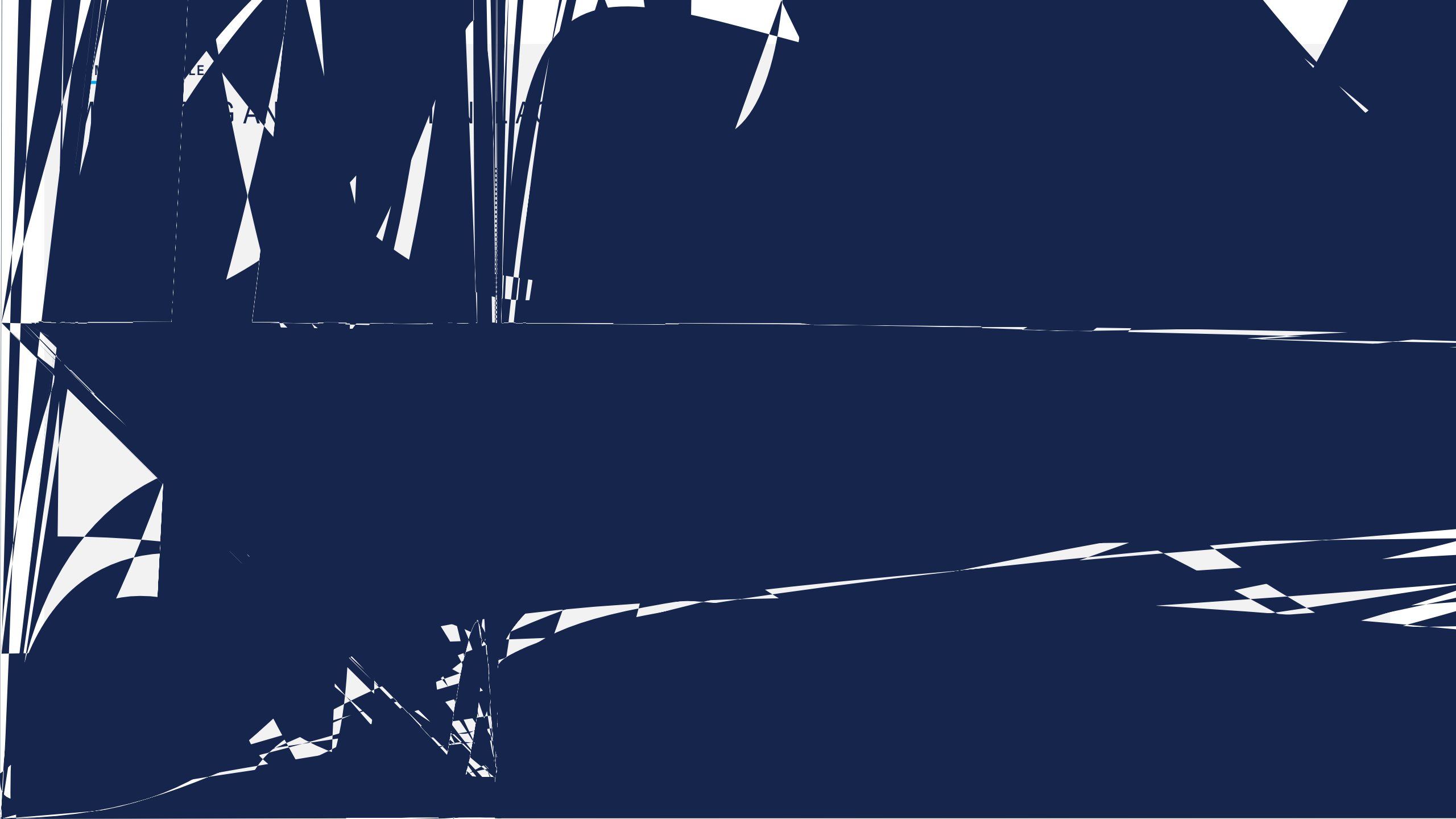
APPROACH

- Dealing in Premium products.
- Providing strong technical support and after sales services to OEM's.

Clientele (of 659 OEM's)

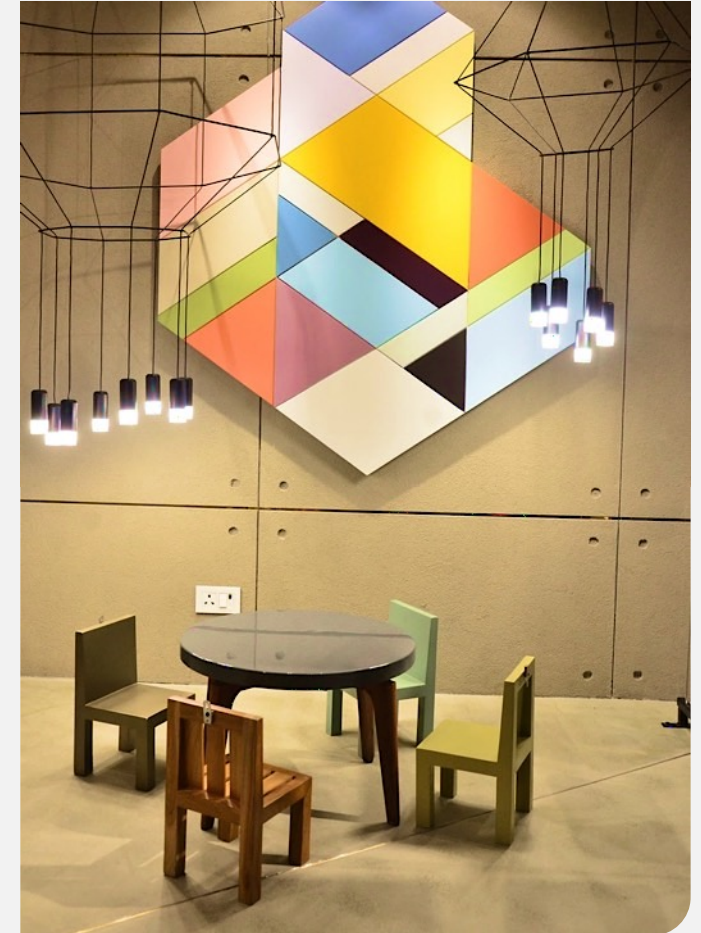
- **Key Clientele includes:** Godrej, Jindal Stainless, Indoline, Space Wood, Pyramid, MAS Furniture, Alsorg, Soundarya Decorators, etc.

MANUFACTURING FACILITIES



MARKETING AND PROMOTIONAL ACTIVITIES

Sirca studios for a class-apart consumer experience



MARKETING AND PROMOTIONAL ACTIVITIES

1,270 shop board installed for enhanced visibility. Refreshed brand positioning as “Your Italian Autograph”.



CONTRACTOR LOYALTY PROGRAM

Sirca Parivaar 2.0 – App Update

11,000+
Contractors
Registered

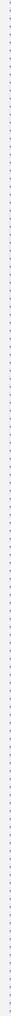
Enhanced Version of Sirca Parivaar App

The main objective of this app is to automate the process of loyalty program and streamline the process of rewards and redemption.

Key Features

- Specifically designed for architects, contractors, and dealers using Sirca products
- Bringing all industry stakeholders together on the application
- Automate Sirca loyalty program
- Maintain, view reward points easily on a real-time basis
- Users can check account balance on a real-time basis
- Users can redeem points at any given point
- Users can access account statement & reports in the application

INDIA PAINT INDUSTRY



WOOD COATINGS & FINISHES SEGMENTS



Overview

- Wood coatings are used for their adhesion, anti-corrosion, durability, appearance enhancing & aesthetics features on wooden furniture.
- In the last decade, India has shaped up to be one of the largest markets for wood coatings products in the Asia-Pacific region.
- Indian furniture industry, which happens to be a key demand driver of wood coatings products, is estimated to be a USD 5 billion market in 2018-19, with nearly USD 1.5 billion in exports and USD 0.6 billion in imports, respectively.



Market Trends

- The wood coatings product category is facing a shift in consumer preferences from toxic and environmentally harmful products to eco-friendly and non-toxic products.
- There is a shift underway from harmful products like Nitrocellulose (NC) and Melamine coating products to high-quality Polyurethane (PU) coatings on account of multiple factors such as:
 - Increasing health-consciousness and awareness about the harm-full effects of these degrading wood coatings,
 - Growing awareness about environment-friendly products,
 - Greater artistic and aesthetic value,
 - Other factors include - lower emission of odour, increased durability and resistance which make these products more preferable.
- The increasing value of aesthetics and expenditure towards the furnishing segment is supporting this transition. In the long-run, an increase in disposable income and a shift towards higher-end wood coating products in the value chain will be the leading growth driver for the wood coatings market.



BOARD OF DIRECTORS



Mr. Sanjay Agarwal



Mr. Apoorv Agarwal



Mr. Gurjit Singh Bains



Mr. Ugo Pelosin

BOARD OF DIRECTORS



Mr. Shyam Lal Goyal



Mr. Anil Kumar Mehrotra



Mrs. Anu Chauhan



Mr. Sanjay Kapoor

5Y Financial Summary



5Y PROFIT & LOSS SUMMARY

(₹ in crores)

PARTICULARS	FY22	FY21	FY20	FY19	FY18
Revenue from Operations	200.02	143.18	135.05	125.34	89.22
Total Income	204.43	157.32	140.66	131.46	93.57
Total Operating Expenses	162.27	121.37	103.26	93.81	63.26
EBITDA (Excluding OI)	37.76	21.81	31.78	31.53	25.96
EBITDA (Excluding OI) %	18.9%	15.2%	23.5%	25.2%	29.1%
Interest Cost	0.08	0.10	0.08	0.11	0.18
Depreciation & Ammortisation	4.13	3.65	2.39	0.93	0.59
Profit Before Taxes	37.95	22.58	34.18	31.97	29.54
Profit After Taxes	27.73	16.61	25.15	22.23	19.38

Note:

1. Figures up till FY18 and not as per Ind AS
2. FY20 EBITDA (Excluding OI) & Total Operating Expenses adjusted for one-time impairment loss of 0.76 crores
3. FY21 EBITDA (Excluding OI) & Total Operating Expenses adjusted for net-loss of fire incident

5Y BALANCE SHEET SUMMARY

(₹ in crores)

PARTICULARS	FY22	FY21	FY20	FY19	FY18
Shareholders Fund	225.15	201.60	184.65	167.84	67.63
Non Current Liabilities	0.05	0.28	0.18	0.48	0.33
Current Liabilities	37.16	52.88	24.98	22.45	26.57
- Trade Payables	31.40	34.84	20.29	17.02	6.93
Total	262.37	254.75	209.82	190.79	94.56
Non Current Assets	57.47	45.89	52.83	36.74	22.43
Current Assets	204.90	208.86	154.13	154.04	72.11
- Inventories	69.69	64.95	51.44	26.77	14.85
- Trade Receivables	45.63	43.05	45.59	39.7	33.53
Total	262.37	254.75	209.82	190.79	94.56

Note:

1. Figures up till FY18 and not as per Ind AS

5Y CASH FLOW SUMMARY

(₹ in crores)

PARTICULARS	FY22	FY21	FY20	FY19	FY18
Cash from Operating Activities	35.16	19.24	-7.56	12.34	-18.28
Cash from Investing Activities	-11.06	14.74	4.81	-71.28	-12.87
Cash from Financing Activities	-17.38	-0.10	-8.45	68.36	15.5
Net Cash Flow	6.73	33.87	-11.21	9.42	1.31
Net Cash at Beginning of Year	38.46	4.59	15.79	6.37	13.33
Net Cash at End of Year	45.18	38.46	4.58	15.79	14.65

Note:

1. Figures up till FY18 and not as per Ind AS

Q3FY23 Result Discussion



PROFIT & LOSS SUMMARY

Standalone

(₹ in crores)

PARTICULARS	Q3FY23	Q2FY23	Q3FY22	YoY %	QoQ %
Revenue from Operations	65.22	72.92	53.20	22.6%	-10.6%
Total Income	66.18	74.45	54.56	21.3%	-11.1%
Total Operating Expenses	51.15	53.75	41.15	24.3%	-4.8%
EBIDTA (Excluding OI)	14.07	19.17	12.05	16.7%	-26.6%
EBIDTA (Excluding OI) %	21.6%	26.3%	22.7%	-108 BPS	-472 BPS
Interest Cost	0.01	0.01	0.02	-36.8%	50.5%
Depreciation & Ammortisation	0.87	1.15	1.19	-27.1%	-24.3%
Profit Before Taxes	14.16	19.55	12.20	16.1%	-27.6%
Profit After Taxes	10.53	14.42	9.16	14.9%	-26.9%
Earnings Per Share (₹)	3.84	5.26	3.34	15.0%	-27.0%

 **22.6%**

Q3FY23 Revenue from Operations at 65.22 Crores compared to 53.20 Crores in Q3FY22

 **16.7%**

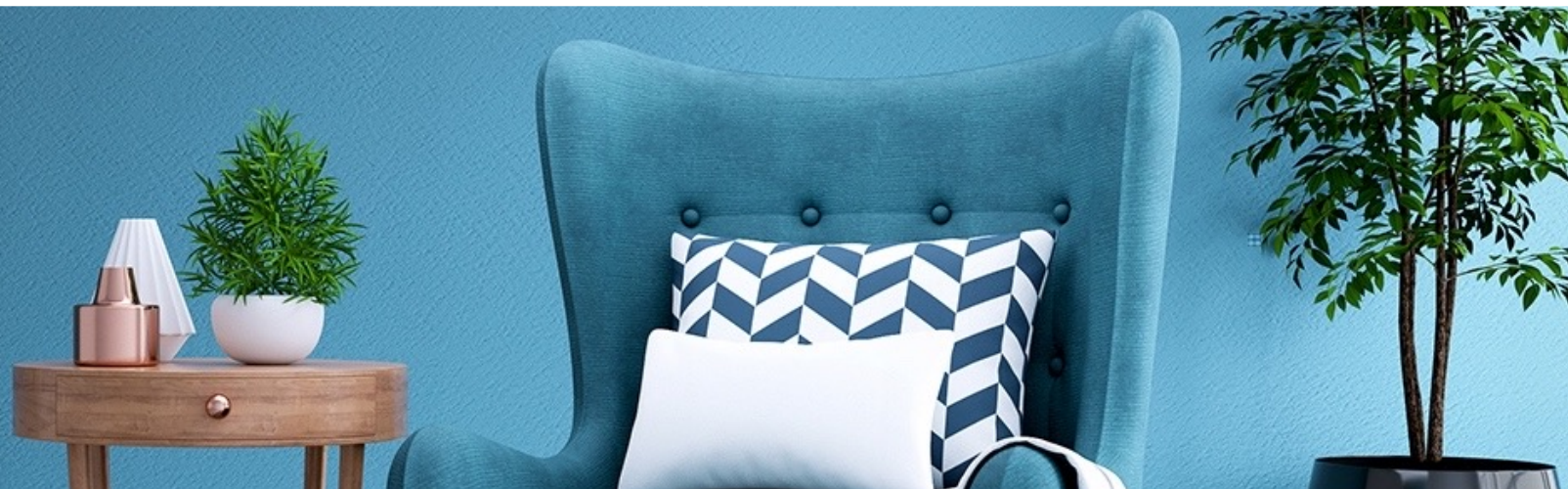
Q3FY23 EBITDA at 14.07 Crores compared to 12.05 Crores in Q3FY22

 **14.9%**

Q3FY23 PAT at 10.53 Crores compared to 9.16 Crores in Q3FY22

Note: Interest Cost figures have been rounded-off to 2 decimals. Interest Cost for Q3FY23 is 1.46 Lakhs, Q2FY23 is 0.97 Lakhs and Q3FY22 is 2.31 Lakhs.

MANAGEMENT COMMENTARY



Q3FY23 Result Discussion

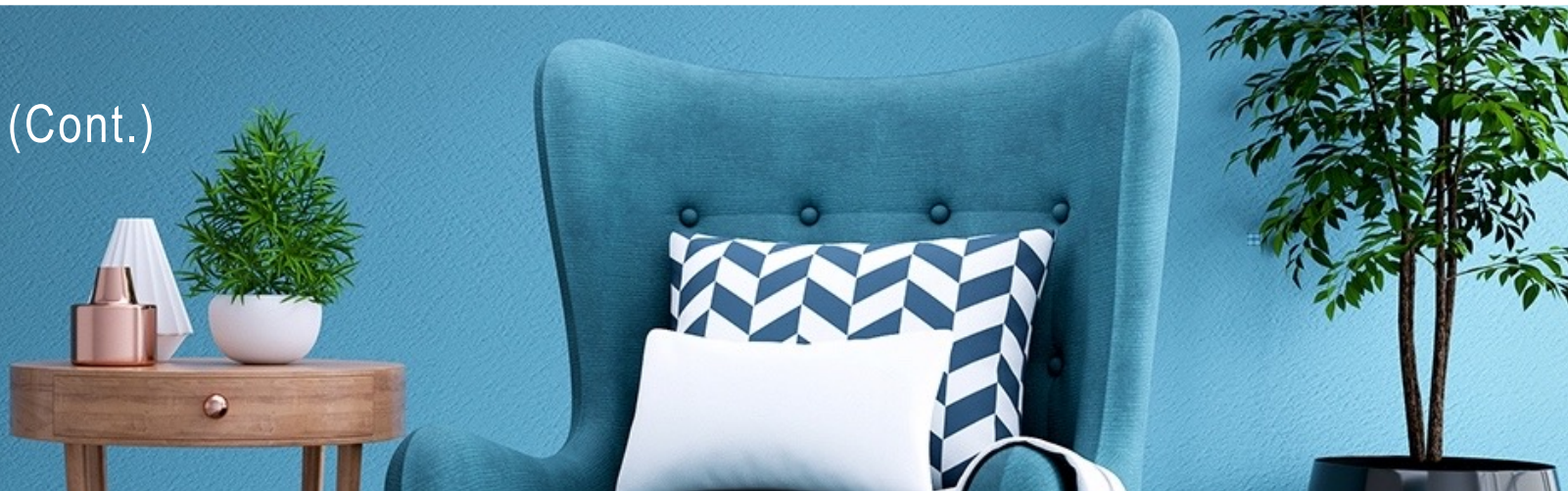
Sirca Paints reports healthy financial performance in Q3FY23, despite Q3 being a seasonally tepid quarter for the Company. Revenue from Operations for the quarter stood at 65.22 Crores, up 22.6% YoY and reporting a decrease of 10.6% QoQ. The key reason for the sequential decrease in topline is the annual, temporary ban on spray painting in the NCR region due to pollution related guidelines. Overlooking the effects of the temporary ban in the end of November & December, the Company has a robust demand outlook for the coming months.

On the profitability front, the Company reported slightly better GPM, but lower EBITDA margins due to the following reasons:

- A FOREX loss of 1.45 Crores in Q3, compared to a gain of 0.72 Crores in the previous quarter.
- Higher Sales Promotion & Advertisement expenses on account of the annual national dealer meet organized in NCR, and higher Trade Exhibition expenses.
- Employee Benefit Expenses were slightly higher on account of payout of annual bonuses to the team.

As a result, the EBITDA margin stood at 21.6% in Q3FY23 compared to 26.3% in Q2FY23 and 22.7% in Q3FY22.

MANAGEMENT COMMENTARY (Cont.)



Business Update

Product Portfolio Performance

- The Company has witnessed good performance across all product segments.
- Italian portfolio performance continue to be the core driver for the Company.
- Unico's scale of operations is improving and contribution to overall sales increasing.
- The Company has recently launched a new waterbased coatings range – D'Aqua PU. This is a key launch in the luxury PU product kitty, in keeping with the global trend of transition from solvent based coatings towards waterbased coatings.

Adding Resins Manufacturing at Sonipat Facility

In efforts to establish more control and achieve consistency in quality, the Company started resins manufacturing at its Sonipat facility. Resins are being manufactured for the NC and Melamine.

Other Updates

- The Company is also undertaking additional investments in the current Sonipat facility to increase capacity to the tune of 20%.
- During the quarter the Company also listed its shares on BSE, as opposed to being listed only on NSE earlier.

RECENT PRODUCT LAUNCH: D'AQUA PU

D'AQUA PU is safer to use in children's furniture since it contains almost no chemicals and emits no odour. Because of its waterbased properties, it is ideal to use for children's furniture. For our loved ones, autograph a greener tomorrow.



D'Aqua PU: Luxury Waterbased Coatings

Key Features

- Completely waterbased coatings
- Solvent-free coatings
- Low odour & VOC
- Fast drying
- Usable in kids friendly furniture
- Developed as per GREENGAURD standard



RECENT BRANDING & PROMOTIONAL ACTIVITIES



GET IN TOUCH



Suraj Singh



Sayam Pokharna

+

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